

# Attachment 8

1           SAN FRANCISCO, CALIFORNIA, JULY 30, 2001 - 9:03 A.M.

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3           ADMINISTRATIVE LAW JUDGE JONES:   Good morning.

4           The Commission will be in order.

5                       This is the time and the place for the  
6           evidentiary hearing in the permanent line-sharing phase of  
7           OANAD.   I am Administrative Law Judge Karen Jones, and I've  
8           been assigned to this proceeding.

9                       Are there any additional appearances for this  
10          phase of OANAD?

11                      (Appearence form passed to Judge.)

12          ALJ JONES:   Some of us discussed in a conference call  
13          last week that we will need to set more time for hearings in  
14          this particular phase, and we'll do that Friday morning  
15          because then we'll have a better idea of exactly how much  
16          we've accomplished this week.   So, again, make sure you know  
17          your availability and your witnesses' availability in  
18          September.

19                      In order to help the court reporters, I worked  
20          with staff and developed a list of acronyms and words that  
21          they would hear.   We're not attempting to define things in  
22          any way.   Just so that if the reporters hear something, then  
23          hopefully they do not have to stop you to ask what that is  
24          and how to spell it because there are so many strange words  
25          and acronyms in this particular proceeding.

26                      So if anyone would like a copy of that, I could  
27          supply it to you.

28                      As you know, when we set up a service list, we

1 I don't know what the final unbundling, if any,  
2 obligation would be if I rolled this from ASI into the  
3 telephone company.

4 I simply don't know, and I don't know who wrote  
5 the particular statement.

6 Q Okay.

7 Well, isn't it fair to say that your conclusion  
8 you testified to just now is a function of how reliable Mr.  
9 Keown's and Mr. Waken's analysis of their attempts  
10 to quantify the ICC's order?

11 A I think in part it does.

12 Q Okay.

13 A Now, understand that -- you know, let's assume  
14 that their estimates are substantially lower.

15 That is, what they gave me turns out to be half  
16 that amount.

17 My belief is even costs at that level and the  
18 loss of control of an investment in an asset that  
19 I'm placing in the network would be fairly significant and  
20 that that may be enough to cause me not to want to go  
21 forward with the Pronto design.

22 Q Okay.

23 Well, we've gone down this path, and I don't know  
24 that I want to do it again here.

25 You recall that in Illinois, Mr. Keown's  
26 estimates for implementing the order exceeded \$500 million.

27 Is that fair?

28 A Yes, that sounds correct.

1           Q   And I said what if they were a tenth of that?  
2   What if they were \$50 million, and you said, "I'd still  
3   recommend shutting it down."   Right?

4           A   I think I said I think it's unlikely that they  
5   would be that low but, yes, I would recommend shutting it  
6   down based on the control and other issues associated with  
7   that order.

8           Q   And then I said what if they were an order of  
9   magnitude below that?   What if they were only \$5 million,  
10   and you said, "I'd still recommend shutting it down," didn't  
11   you?

12          A   Based again on all the other issues and the loss  
13   of control that I believe occurs when you unbundle it in a  
14   way that the Illinois order recommended.

15          Q   And then I said what if there was no additional  
16   cost to unbundle; would you still recommend against  
17   continuing Pronto, and you said, "Yes, I would," didn't you?

18          A   Again, same answer.

19                It's based on, number one, the belief that  
20   I don't believe it could be zero, but --

21          Q   First of all, did you say that?

22                Did you say that even if there was no additional  
23   costs at all from unbundling and line card collocation that  
24   you would still recommend suspension of Pronto because of  
25   the ICC order?

26          A   If all the other terms and conditions applied,  
27   yes, that's what I said.

28          Q   And wasn't the core objection you had, and have,

1     what you've been calling repeatedly the loss of control of  
2     your assets?

3             A     Largely, that's correct, yes.

4             Q     And isn't that a fundamental attribute of the  
5     Telecom Act when that says to you, you no longer control  
6     your assets as you used to as a monopolist; now you must let  
7     other people use those to their fullest extent?

8             MR. BINNIG:   Object.

9             Calls for a legal conclusion.

10            MR. BOWEN:   I'm not asking for a legal conclusion.

11            MR. BINNIG:   Well, you are.

12            What the Act means, that is a legal conclusion.

13            MR. BOWEN:   I'm asking for this witness's  
14     understanding as a non-lawyer what the Act's implications  
15     are for control by a monopolist over their network.

16            ALJ JONES:   I'll allow him to answer on that basis.

17            THE WITNESS:   What I understand in the Act is  
18     essentially that the FCC has divined certain things that  
19     they believe are, in fact, quote, "monopoly-based elements,"  
20     and they have made those available to others in the UNE  
21     order.

22            To the degree that you put in advanced services,  
23     it is not clear to me that those fall under the same  
24     requirements as some of the, quote, "monopoly orders."

25            Again, I don't know the specifics of that legal  
26     definition, but my belief is that there are differences in  
27     that and that those differences play here.

28            MR. BOWEN:   Q   Okay.

# Attachment 9

BEFORE THE  
ILLINOIS COMMERCE COMMISSION

ILLINOIS BELL TELEPHONE COMPANY ) DOCKET NO.  
 ) 00-0393  
Proposed implementation of High  
Frequency Portion of Loop (HFPL)/ )  
Line Sharing Service. )

Springfield, Illinois  
July 17, 2001

Met, pursuant to notice, at 10:00 A.M.

BEFORE:

MR. DONALD L. WOODS, Administrative Law Judge

APPEARANCES:

MR. CHRISTIAN F. BINNIG  
MR. THEODORE A. LIVINGSTON  
MR. J. TYSON COVEY  
Mayer, Brown & Platt  
190 South La Salle Street  
Chicago, Illinois 60603

(Appearing on behalf of Ameritech  
Illinois)

MS. NANCY J. HERTEL  
225 West Randolph  
Suite 25D  
Chicago, Illinois 60606

(Appearing on behalf of Ameritech  
Illinois)

SULLIVAN REPORTING COMPANY, by  
Cheryl A. Davis, Reporter, #084-001662  
Carla J. Boehl, Reporter, #084-002710

1 think CLECs will have an economic incentive to co-opt  
2 the ILEC's investment, that's your words, right?

3 A. Yes.

4 Q. On lines 19 and 20. What do you mean by  
5 that? What do you mean co-opt the ILEC's investment?

6 A. What I mean is that we invested in the  
7 technology with the reasonable belief that it could be  
8 used by all CLECs and that it could be done in an  
9 economic manner that would allow CLECs, all CLECs  
10 again, to compete with others, as an example, cable  
11 and wireless and satellite. To the degree that -- I  
12 am sorry, I lost my train of thought. To the degree  
13 that CLECs now come in and get the unbundled elements  
14 that we have just described, the cost structure  
15 associated with that, I believe, will be one that the  
16 ILEC could no longer control. That is a whole variety  
17 of different services could be provided over that.  
18 That would drive substantially additional costs into  
19 the network.

20 Q. Okay. Well, you have heard the term  
21 TELRIC, have you not?

22 A. I have.



1                   Q. What does that mean to you in plain  
2     english?

3                   A. That means being able to price at a  
4     forward-looking rate.

5                   Q. Okay. And are you making any  
6     presumptions about whether or not the rates that will  
7     be charged for these UNEs would be TELRIC-based or  
8     not? Can you answer those questions as you have?

9                   A. I am actually assuming that they would be  
10    TELRIC-based.

11                  Q. Okay. Hasn't the FCC -- and this is a  
12    non-lawyer question I am going to ask him, I am going  
13    to ask him for a lay understanding. Hasn't the FCC  
14    and this Commission decided that TELRIC-based rates  
15    are fully compensatory for Ameritech?

16                  MR. BINNIG: I am going to object to the  
17    relevance.

18                  JUDGE WOODS: I think it's extremely  
19    relevant. Answer the question.

20                  A. The issue isn't associated with whether  
21    or not TELRIC rates are compensatory or not. The  
22    issue is whether or not when you drive a large amount

1 of cost into the network like this and you are in a  
2 competitive marketplace against cable modems, wireless  
3 providers and others, does your cost structure allow  
4 you to be competitive in that marketplace. To the  
5 degree that it does not, it doesn't make any  
6 difference what the TELRIC rates are. Nobody will buy  
7 the product if in fact it is non-competitive.

8 Q. Okay. Would you admit the possibility  
9 that you are wrong or Mr. Keown is wrong about his  
10 five hundred and whatever it is million dollars that  
11 will be added by offering Pronto as UNEs?

12 A. I might admit that his cost structure  
13 might not be perfect once actual estimates come in,  
14 but what I would tell you is that the numbers are so  
15 high that even if it were a fraction of that amount,  
16 this would be a very difficult technology for us to do  
17 in this unbundled way. Additionally, the loss of  
18 control associated with it, the difficulty of  
19 operating it, the time to implement these unbundled  
20 network elements would all contribute to the  
21 non-competitiveness in my opinion that would occur  
22 against cable.

1           Q. So what you are saying is that you think  
2    TELRIC rates might be not high enough?

3           A. I have no -- I am not saying anything  
4    about TELRIC rates. I am talking about the costs that  
5    can be sustained in a marketplace were the price for  
6    the product is dictated by the competitive products  
7    that are out there.

8           Q. Okay, fair enough. So what you are  
9    saying is, even if the rates that the Commission might  
10   set would be TELRIC-compliant for Project Pronto as  
11   UNEs, the company's judgment is that those would be so  
12   high they couldn't be competitive against cable modem,  
13   is that what you are saying?

14          A. That is one thing that I am saying, yes.

15          Q. Okay. This is not an idle kind of  
16   conclusion to draw, is it? You don't just kind of  
17   guess at something like that, right?

18          A. Certainly not something we take lightly.

19          Q. And you wouldn't shut down Pronto on a  
20   bet, right? You would do some analysis if that was  
21   the basis for the shut down?

22          A. That's true.

1                   Q. And so if you are saying you shut down  
2     Pronto on the basis that, even if the Commission sets  
3     TELRIC-compliant rates, the prices would be so high  
4     that you through AADS can't compete with cable modems,  
5     right?

6                   A. There is a whole variety of reasons that  
7     I am trying to give.

8                   Q. But that's one of them, isn't it?

9                   A. That would be one that we would consider,  
10    yes.

11                  Q. So have you done an analysis that proves  
12    this in?

13                  A. Detailed analysis, no, I don't believe we  
14    have.

15                  Q. Have you done a napkin-based analysis on  
16    this?

17                  A. I have no such napkin.

18                  Q. Have you done any analysis to support  
19    your, I guess, belief that offering Pronto as UNEs,  
20    even at the prices that will be thrown out by  
21    Mr. Keown's \$500 million cost estimate, would cause  
22    AADS to be non-competitive against cable modems?

1           A. Given the cost work that we have  
2 currently seen on where we are relative to DSL  
3 deployment and our competition against other providers  
4 in the marketplace, we believe that that's one  
5 consideration that we need to make. We have made that  
6 consideration.

7           Q. Okay. Now, would you go to the board of  
8 directors and say I think you should shut down Project  
9 Pronto because I believe that, if we priced it at  
10 TELRIC, Mr. Keown's numbers, it won't be competitive  
11 with cable modems? Would you do that, Mr. Ireland?

12          A. What I would do is, with the information  
13 that I have on our estimates of what the costs are  
14 going to be and our belief about the marketplace, I  
15 think I would be willing to go to the board of  
16 directors and say I think this undertaking is too  
17 risky, without the level of detail necessary to be  
18 able to specifically identify what we think the market  
19 issue would be around that particular entry, yes.

20          Q. Would you need to know, not just what  
21 your costs are, but what you are competing against for  
22 cable rates?

1 A. Yes, you would.

2 Q. Wouldn't you need to estimate their own  
3 cost structure?

4 A. Yes, you would.

5 Q. And have you done that?

6 A. Some, yes.

7 Q. And is there an analysis that shows the  
8 result of new numbers, including Mr. Keown's numbers,  
9 set against cable modem network stocks and revenue  
10 prices?

11 A. Not specifically that I know of, no.

12 Q. That certainly is a standard thing that  
13 the business planners would do, isn't it?

14 A. Standard thing, we do it when we have the  
15 facts and we have the information.

16 Q. And when you don't have the facts, they  
17 estimate it, don't they?

18 A. Sometimes.

19 Q. Do you know that that was done before you  
20 decided to shut down Pronto in Illinois or not?

21 A. In a documented and rigorous way, no, I  
22 don't.

1                   Q. You don't. You have never seen such an  
2 analysis, have you?

3                   A. I have seen parts of an analysis that  
4 would indicate what prices cable was charging in the  
5 market.

6                   Q. Have you seen an integrated analysis  
7 which compares what you think the new cost of Project  
8 Pronto is against the cost and prices in the cable  
9 modem market, your chief competitor?

10                  A. No, I have not, not specifically.

11                  Q. All right. Now, on page 27 of your  
12 testimony --

13                  MR. BINNIG: Your Honor, is this a good time  
14 for a break? I don't know, but we have been going --

15                  JUDGE WOODS: Okay. Let's take ten.

16                               (Whereupon the hearing was in  
17 a short recess.)

18                  JUDGE WOODS: Back on the record. Mr. Bowen?

19                  MR. BOWEN: Thank you, Your Honor.

20                  Q. Okay. Mr. Ireland, I want to address  
21 something I think I heard you say before the break. I  
22 think I heard you say that, even if Mr. Keown is wrong

1       in his estimate, that you think that providing Project  
2       Pronto in compliance with the ICC Order would still  
3       cause it to be a non-starter. Did I hear you say  
4       something like that?

5               A. Typically, yes, I think so.

6               Q. Well, his estimates -- and you know you  
7       have seen them, right?

8               A. Yes, I have.

9               Q. There is something about \$500 million to  
10      comply with the Order, right?

11              A. Yes.

12              Q. What if he is off by a factor of ten?  
13      What if it is only \$50 million?

14              A. I don't think he has included all of the  
15      components so I believe that there are going to be  
16      other costs beyond those that he has in his \$500  
17      million estimate.

18              Q. Well, maybe so. You quote Mr. Keown \$500  
19      million and I am saying I want you to assume that it's  
20      really \$50 million. Is your answer still the same?

21              A. Probably, yes.

22              Q. What if it is \$5 million?



1           A. It may still be the same if all the other  
2 terms and conditions, which indicate that I have lost  
3 control, I have a long time frame to implementation,  
4 all of those issues weigh into the decision.

5           Q. What if there is no increase in costs but  
6 the other factors identified just now are still there?

7           A. I might still not do it.

8           Q. So it is not about the money?

9           A. It is about the money as one of the items  
10 that we consider.

11          Q. If the money goes away, you still  
12 wouldn't do it?

13          A. No, I said I might not do it.

14          Q. Well, here we are again. If the money  
15 goes away -- I will ask you the same questions I asked  
16 the other witnesses before. If the money goes away,  
17 if we prove to the Commission that Mr. Keown is well  
18 intentioned but wrong, and there is really no  
19 difference in cost to comply with the Order, if the  
20 rest of the conditions stick, would you or would you  
21 not suspend -- keep the Project Pronto deployment  
22 suspended in Illinois?

1                   A. If the requirements were to unbundle as  
2 they are identified in the Order?

3                   Q. Uh-huh.

4                   A. First of all, I don't think they can be  
5 near zero. In fact, I believe they are in the  
6 hundreds of millions of dollars. But irrespective of  
7 what I might think, if I take your assumption that  
8 they are zero, along the way to be able to implement  
9 those and the inability to be able to control the  
10 asset in a competitive marketplace, it would likely  
11 cause me not to go forward.

12                  Q. And how long did you have in mind there?

13                  A. I think that the unbundling that has been  
14 required is going to be very difficult and complex to  
15 do. I would be surprised if it could be done in less  
16 time than perhaps a year.

17                  Q. Okay. So let me get this straight. If  
18 we assume only for discussion purposes the cost delta  
19 and we keep in mind that you said this is a ten-plus  
20 useful life asset you are talking about here, you are  
21 saying if you delay cranking it out again by a year,  
22 that it's a non-starter?

1                   A.   Yes.

2                   Q.   Is that based on a net present value  
3                   analysis or not?  I mean, you pushed out the  
4                   investment revenue streams by a year, right?

5                   A.   It's based on a belief that this is a  
6                   product that's being placed in service to be in a  
7                   competitive marketplace, a very different kind of  
8                   marketplace.  My belief is that if you wait a year  
9                   before you bring this back on line, you will have  
10                  waited a sufficiently long period of time that,  
11                  combined with other delays we have already had, I  
12                  think it will be very difficult for this to compete  
13                  with other technologies and services like cable and  
14                  potentially later on like wireless.

15                  Q.   So you can never catch up with cable if  
16                  you are delayed, is that your testimony?

17                  A.   I am saying that that's possible, yes.

18                  Q.   Well, a lot of things are possible.  Do  
19                  you think it's likely?

20                  A.   Likely, I think it will be much more  
21                  difficult to compete in a market like that if in fact  
22                  I am not there for a year's time.

1           Q. Well, didn't you just say that if you had  
2       a to wait for a year, assuming that your delay is  
3       correct, that you wouldn't do it, you wouldn't deploy,  
4       you wouldn't crank up Pronto again?

5           A. I think I said that it was unlikely that  
6       I would crank it up again, yes.

7           Q. You are just going to walk away from the  
8       broadband market?

9           A. I am going to walk away from this portion  
10      of the wholesale broadband market, yes.

11          Q. What does that qualification mean?

12          A. That means that AADS still has a retail  
13      service that's based on using unbundled loops.

14          Q. All copper loops, you mean?

15          A. All copper loops, correct.

16          Q. So you are going to walk away from all  
17      those positive net present value expense savings?

18          A. I am not convinced that I can get them  
19      under these terms and conditions.

20          Q. You are going to walk away from all of  
21      those new revenue flows that you say will throw up a  
22      \$10 billion net present value?

1           A. I am not convinced I can get them under  
2 these terms and conditions.

3           Q. Okay. On page 27 of your testimony --

4           JUDGE WOODS: Is this a new area?

5           MR. BOWEN: Yes.

6           JUDGE WOODS: Okay. Because I am a little  
7 confused, too. Under the current unbundling  
8 requirements as they exist in the Order, how is that  
9 going to affect the wholesale service that you agreed  
10 to in the Merger Condition Waiver Order.

11          THE WITNESS: The broadband services?

12          JUDGE WOODS: Uh-huh.

13          THE WITNESS: If they are additive to the  
14 broadband services, and I am assuming that they are,  
15 the difficulty of doing those is what we are really  
16 talking about. Those wind up being very, very  
17 difficult to implement and very, very costly to  
18 implement. We believe that the additional cost on  
19 that wholesale product will make it, not only  
20 difficult for AADS, but frankly for all other  
21 competitors to compete in that marketplace.

22          JUDGE WOODS: Your opinion is that the

1 broadband service provides a competitive alternative  
2 for everybody to use to compete with cable, right?

3 THE WITNESS: Yes, that is the option that we  
4 have offered.

5 JUDGE WOODS: That's going to run on the  
6 Project Pronto overlay service as it's currently  
7 envisioned by SBC to go in, right?

8 THE WITNESS: Yes, that's true. We would  
9 make that available for a period of three years.

10 JUDGE WOODS: Okay. Now, what you are saying  
11 is you think it's going to be really difficult to meet  
12 the unbundling requirements, but what I don't  
13 understand is what from an engineering perspective are  
14 you going to have to do that's going to stop you from  
15 putting in Project Pronto, using it to provide the  
16 broadband service while you are doing whatever it  
17 takes to provide it as UNEs, to provide the unbundled  
18 Project Pronto service? Why are those not -- why  
19 can't both of those happen at the same time or during  
20 the same period of time?

21 THE WITNESS: They probably could happen  
22 simultaneously. The problem winds up being that to

1 provide those UNES requires a substantial investment,  
2 and that that investment, the loss of control on that  
3 platform, make it difficult for me as a business  
4 person to say I think this is a good investment to  
5 make now. So we look at that and say, gee, if we have  
6 to invest X number of millions of additional dollars,  
7 we have to spend a very long time working out the  
8 details of how this unbundling could be done if at  
9 all. That looks very difficult to us.

10 JUDGE WOODS: Again, we are back to this  
11 TELRIC pricing idea. If the idea is that it's going  
12 to be so expensive that nobody is going to take it as  
13 unbundled network elements, as just a series of UNES  
14 for them in combination as opposed to the broadband  
15 service, I guess the question is (A) why would anyone  
16 do that and (B) why wouldn't they take the broadband  
17 service instead and if the broadband service is in  
18 place and in fact competitively priced against cable,  
19 it seems like nobody is going to want the UNES. Does  
20 it make sense? I mean, am I missing something?

21 THE WITNESS: No, frankly, I think that may  
22 be correct. But I will still be obligated to invest

1       some, take an estimate, 400 million, 500 million, I  
2       don't know what it is going to be, I will have to  
3       invest that amount of money and a significant amount  
4       of time, energy, administrative work trying to figure  
5       out how to be able to build to those unbundled network  
6       elements that are required.

7               JUDGE WOODS: But that's Mr. Keown's  
8       bailiwick, right? That's what he talks about?

9               THE WITNESS: Yes, it is.

10              JUDGE WOODS: Mr. Bowen?

11              MR. BOWEN: Thank you, Your Honor.

12              Q. Well, Mr. Ireland, what if you found out  
13       that one of the Ameritech witnesses filed written  
14       testimony that said the only difference between the  
15       wholesale broadband service and the UNEs is the name?

16              A. And the UNEs that have been identified by  
17       this particular arrangement, there is about eight or  
18       so of them?

19              Q. Uh-huh.

20              A. Those are very different.

21              Q. What if one of the Ameritech witnesses  
22       said that the only difference between UNEs and the



# Attachment 10

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

**CERTIFIED  
COPY**

Rulemaking on the Commission's Own  
Motion to Govern Open Access to  
Bottleneck Services and Establish a  
Framework for Network Architecture  
Development of Dominant Carrier  
Networks,

LINE SHARING  
PHASE

Investigation on the Commission's  
Own Motion Into Open Access and  
Network Architecture Development of  
Dominant Carrier Networks,

Volume I  
Pages 1 to 300

DEPOSITION OF  
MIKE NAWROCKI, TONY FARRY, PAUL RICHARD

Washington, D.C.

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George A. Haas, CSR 5939

16:53:48 1 A. (Mr. Farry:) It's being done as a  
2 function of a wholesale service to both our Verizon  
3 Broadband organization as well as other CLECs.

4 As Paul indicated, the document did go  
16:54:01 5 out indicating that we would be looking at this in  
6 one particular location in Massachusetts, and I  
7 think it required further response in terms of  
8 their interest to participate. And once that  
9 response was received, I think those are the  
16:54:17 10 details that Paul referenced that still have not  
11 been worked out.

12 Q. Is this supposed to be, if I  
13 understand correctly, some kind of technical trial  
14 to see how this thing works from people's  
16:54:33 15 perspective who would use it, whether it's VADI,  
16 Covad or anybody else?

17 A. (Mr. Farry:) I would say it's more a  
18 technical/marketing trial.

19 Q. What do you mean when you say it's  
16:55:23 20 more of a technical/marketing trial?

21 A. (Mr. Richard:) Our expectation is  
22 that we are going to be providing retail revenue  
23 generating services from those locations and  
24 customers served by that deployment.

16:55:39 25 Q. So it makes it not a trial? I don't

16:55:41 1 understand.

2 A. (Mr. Richard:) It's certainly more  
3 than a technical trial. It's probably more than a  
4 marketing trial, since normally with marketing  
16:55:51 5 trials there is a lot that service might not be  
6 available.

7 Again, this is just going to be the  
8 availability of this capability for the purpose of  
9 generating revenues from this specific location  
16:56:07 10 that we are looking at.

11 Q. It's not a trial at all then, because  
12 you are not going to withdraw it, right?

13 A. (Mr. Richard:) It's not -- currently  
14 our plans are not to withdraw it at the end of  
16:56:18 15 that.

16 Q. It's just like a first office roll out  
17 basically, right?

18 A. (Mr. Richard:) It's the initial  
19 availability.

16:56:36 20 Q. VADI is rolled back in now, right?

21 A. (Mr. Richard:) Yes.

22 Q. How do CLECs get to use that platform  
23 as services as part of that trial, or do they?

24 A. (Mr. Richard:) As Tony just said, the  
16:56:52 25 intent is to make it available not only for Verizon

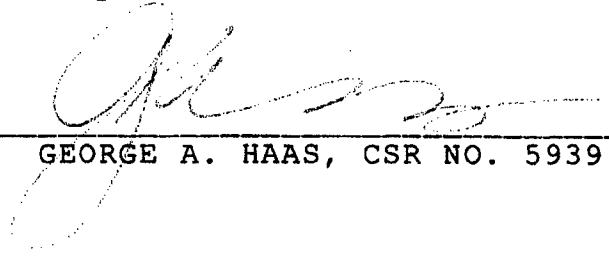
1 STATE OF CALIFORNIA )  
2 COUNTY OF LOS ANGELES ) ss.  
3

4 I, George A. Haas, Certified Shorthand  
5 Reporter, duly qualified in and for the State of  
6 California, do hereby certify there came before me  
7 the deponents herein, who were by me duly sworn to  
8 testify to the truth and nothing but the truth  
9 concerning the matters in this cause.

10 I further certify that the foregoing  
11 transcript is a true and correct transcript of my  
12 original stenographic notes.

13 I further certify that I am neither  
14 attorney or counsel for, nor related to or employed  
15 by any of the parties to the action in which this  
16 deposition is taken; and furthermore, that I am not  
17 a relative or employee of any attorney or counsel,  
18 employed by the parties hereto or financially  
19 interested in said action.

20 IN WITNESS WHEREOF, I have hereunto  
21 set my hand this 15th day of March 2002.

22  
23   
24 \_\_\_\_\_  
25 GEORGE A. HAAS, CSR NO. 5939

# Attachment 11

**DIRECT TESTIMONY OF CHRISTOPHER J. BOYER  
ON BEHALF OF AMERITECH INDIANA  
CAUSE NO. 40611-S1 (PHASE 2)  
FEBRUARY 8, 2002**

**I. INTRODUCTION**

**Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A1.** My name is Christopher J. Boyer. My business address is Three Bell Plaza,  
Dallas, Texas 75202.

**Q2. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

**A2.** I am employed by SBC Management Services Inc., a subsidiary of SBC  
Communications Inc. ("SBC"). My position is General Manager - Network  
Regulatory for SBC's incumbent local exchange carriers ("ILECs").

**Q3. WHAT ARE YOUR RESPONSIBILITIES?**

**A3.** My current responsibilities include representing the planning, engineering, and  
operations of SBC's ILEC networks, including those of Ameritech Indiana, before  
federal and state regulatory bodies. In particular, my current responsibilities  
include such representation for Project Pronto.

**Q4. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

**A4.** I have a Bachelor of Science - Business Administration degree from the  
University of Kansas in Lawrence, Kansas and a Master's of Business  
Administration degree in Finance from the University of Houston in Houston, TX.  
I have also completed internal company training related to telecommunications  
networks and special services provisioning, maintenance and repair.

1 platform in the future was the best means to address this issue. Further, as I will  
2 point out later in my testimony, the FCC has since specifically reconfirmed that an  
3 unbundled loop does not include DSLAM functionality, despite the CLECs'  
4 repeated proposals that the FCC (and the states) rewrite the FCC's definition of a  
5 loop.

6 In short, the CLECs are looking for another venue, this time at the state level, to  
7 raise issues previously rejected by the FCC.

8 **Q22. WITH REGARD TO THE OBLIGATIONS PLACED UPON BY**  
9 **AMERITECH INDIANA BY THE FCC IN THE PROJECT PRONTO**  
10 **WAIVER ORDER, HAVE ANY CLECS ACTUALLY REQUESTED THE**  
11 **VARIOUS ITEMS INCLUDED IN THE COMMITMENTS TO THE FCC?**

12 **A22.** Despite the fact that the CLECs filed numerous comments with the FCC  
13 requesting a number of the various requirements included in the FCC's  
14 conditions, there have been few, if any, actual CLEC requests for those items.  
15 The FCC's conditions have required Ameritech Indiana to incur a large degree of  
16 additional expense in its network to accommodate the CLECs' demands before  
17 the FCC. The following are examples of some of these additional costs:

- 18 • The FCC conditions require Ameritech Indiana to provide its Broadband  
19 Service offering to CLECs (outlined below) for the duration of the FCC's  
20 SBC/Ameritech merger conditions. This in turn has required Ameritech  
21 Indiana to support multi-carrier access to its Project Pronto DSL network  
22 architecture. In order to accommodate such multi-carrier access,  
23 Ameritech Indiana has been required to place a more robust version of the  
24 Optical Concentration Device ("OCD") packet switch in its central offices  
25 than would otherwise be required. As a result of this requirement, SBC's  
26 ILECs have spent to date over \$100 million in additional capital that  
27 would otherwise not have been required across their 13-state region to  
28 support multi-carrier access to the Pronto DSL architecture via the  
29 Broadband Service. Yet, no CLEC, other than Ameritech Indiana's

Boyer Direct  
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Advanced Services Affiliate, has actually utilized the Project Pronto DSL network architecture.

- In response to CLEC filings requesting the FCC to do so, the FCC adopted conditions requiring SBC's ILECs to "oversize" its new CEVs and Huts (types of Remote Terminals) constructed in conjunction with deployment of the Project Pronto DSL architecture, in order to provide sufficient space to accommodate CLEC collocation of DSLAMs at the RT sites. While SBC's ILECs have incurred approximately \$50 million in additional costs to satisfy this FCC condition, to my knowledge no CLEC in Ameritech Indiana's region has ever requested to collocate a DSLAM in a remote terminal site.

There would be substantial, and likely economically prohibitive, costs associated with implementing the CLECs' Pronto DSL "unbundling" and "collocation" proposals in regard to Project Pronto. However, as the above evidences, there is no assurance – and certainly no requirement – that any CLEC would actually use any of the new "UNE" and "collocation" requirements that the CLECs propose. As a result, the CLECs' proposal would only cause Ameritech Indiana to incur substantial additional costs, with little or no opportunity for cost recovery.

#### IV. FUTURE FEATURES AND FUNCTIONS

**Q23. WILL AMERITECH INDIANA DEPLOY NEW TYPES OF XDSL WHOLESALE SERVICE OFFERINGS IF THEY BECOME AVAILABLE FROM THE VENDOR OF AMERITECH INDIANA'S PROJECT PRONTO EQUIPMENT?**

**A23.** Should the vendors of Ameritech Indiana's NGDLC equipment make available additional line cards and software capability in the future, Ameritech Indiana has committed, and is required by the FCC's *Project Pronto Waiver Order*, to host an industry-wide collaborative to discuss with CLECs the development and deployment of such future features and functions over the Project Pronto DSL

# Attachment 12

1 SAN FRANCISCO, CALIFORNIA, OCTOBER 23, 2001 - 9:05 A.M.

2 \* \* \* \* \*

3 ADMINISTRATIVE LAW JUDGE JONES: Good morning. The  
4 Commission will be in order. This is the time and place for  
5 the continuation of the evidentiary hearing in the permanent  
6 line sharing phase of OANAD.

7 We have witness Christopher Boyer here, and I'll  
8 remind you, Mr. Boyer, that you are a sworn witness from a  
9 few months back, and you're still under oath.

10 Mr. Bowen.

11 MR. BOWEN: Thank you, your Honor.

12 CHRISTOPHER BOYER

13 resumed the stand and testified further as follows:

14 CROSS-EXAMINATION resumed

15 BY MR. BOWEN:

16 Q Good morning, Mr. Boyer.

17 A Good morning.

18 Q Let me tell you what I've done. I'm going to  
19 check out what you've done, to make sure that we don't  
20 duplicate efforts from last time. I went back and reread  
21 the transcript, and found out where I think I was in my  
22 cross-examination.

23 Did you have a chance to look at the transcript,  
24 the two days of your previous cross?

25 A I have read the transcripts, yes.

26 Q Okay. So I may occasionally ask you to recall  
27 what we talked about in early August of this year. If you  
28 don't recall it sufficiently well to be able to answer

1     because it was via a UNE. I am trying to recall at the time  
2     what the intent of the presentation was.

3                 I think certainly that the ILEC itself has  
4     nondiscriminatory obligations so it would attempt to try to  
5     make any offering made available on nondiscriminatory terms  
6     and conditions.

7                 Q     And do you see the second pro there that you list  
8     that says CLEC would have the capability to develop new  
9     features for their cards?

10                A     I do.

11                Q     What did you have in mind there?

12                A     Essentially that if a CLEC could ship a card to  
13     the telco for placement, they would have some sort of  
14     ability to control which cards were deployed.

15                Q     What new features do you have in mind there?

16                A     Potentially new line cards that may be made  
17     available by the vendor.

18                Q     So in other words if -- speaking of the Litespan  
19     2000, that is your most common Project Pronto NGDLC in  
20     California, right?

21                A     It is.

22                Q     So if Alcatel were to develop a card with new  
23     features, what you're saying here I guess is that if we get  
24     to own the line cards, we could deploy those new cards with  
25     those new features, right?

26                A     That would be true, yes.

27                Q     Is the implication there that if we didn't own  
28     the line cards that we might not be able to take advantage

1 of those new features?

2 A I don't know if that's the implication. I'm not  
3 certain.

4 Certainly, if the CLEC had the ability to  
5 collocate their own line card and there was a line card  
6 available that offered a feature that was different than  
7 ADSL, the CLEC could collocate that card and offer a  
8 different feature.

9 Whether we ever had the intent to limit the  
10 number of features that would be offered, I don't know if  
11 that was the implication at that time, no.

12 Q I take it that throughout your discussions here  
13 of all these different options you are assuming that in all  
14 cases, whoever owns the line card, it would be deployed and  
15 configured consistent with the software load that was  
16 deployed in that particular RT at the time, is that fair?

17 A That would be true, yes.

18 Q So, for example, if there were so-called quad  
19 cards, quad ADLU cards offered by Alcatel, that would  
20 require Release 11 software, wouldn't it?

21 A It would, yes.

22 Q And if you had an RT that had an NGDLC that had  
23 Release 10.2 deployed, those quad cards wouldn't work, in  
24 all four ports wouldn't work if you put that kind of card in  
25 that kind of NGDLC, right?

26 A Right. You would have to have a software upgrade  
27 to 11.0 to do the quad card capability.

28 Q All your discussions here for pros and cons for

# Attachment 13

1 port versus multiple ports to pick up their traffic.

2 Q Well, let me try and explore that with you.

3 What you mean is right now you will home, say,  
4 all 20 RTs onto a single OCD, right?

5 A That's correct.

6 Q And if you add a second OCD you will also install  
7 your machine trunks such that CLECs can pick up all their  
8 traffic at one of those OCDs, correct?

9 A That is correct.

10 One of the OCDs would be declared a master OCD,  
11 and that OCD would be where CLECs would terminate their  
12 traffic.

13 Q But you could get rid of that one machine trunk  
14 and, say, serve 10 of those RTs with one OCD and 10 with  
15 another.

16 That would require, of course, CLECs to get two  
17 tie cables to pick up all their traffic, right?

18 A In a very inefficient design you could do that.

19 Q Okay.

20 And the same is true for more than two OCDs?

21 You can install those as, in effect, stand-alone  
22 OCDs serving a certain number of RT locations, couldn't you?

23 A Again, in an inefficient design you could do  
24 that.

25 Q Okay.

26 And it's inefficient for what reason?

27 A Because if you're trying to provide a service  
28 that is economical for the people buying it, the customers

1     buying it, such as CLECs, you try to make it so they only  
2     have to buy one transport facility.

3             It also always saves PacBell, for instance,  
4     additional dollars in having to not -- because in most cases  
5     the carrier is buying additional interoffice transport to  
6     get back to their ATM cloud.

7             So rather than having to buy two pieces of  
8     transport back through the interoffice network to reach  
9     an ATM cloud, it also saves us money there.

10            It makes an efficient design.

11            Q     Well, if Rhythms had a DS-3 handoff from three  
12     stand-alone OCDs, it could MUX those up, or you could MUX  
13     those up into a single transport facility, isn't that right?

14            A     You can MUX them up in OC-3, or something,  
15     I guess.

16            Q     Now, in terms of fiber if you don't have -- if  
17     you need to use more fiber, you look, of course, to see what  
18     you already have available, right?

19            A     That would be the normal course of business.

20            Q     Okay.

21            You're deploying as part of Pronto a lot of fiber  
22     out into the field, correct?

23            A     Part of Project Pronto is to deploy a lot of  
24     fiber.

25            Q     A normal of feeder route in a central office goes  
26     out on the four compass points if geography allows, is that  
27     fair?

28            A     That's typical of software design.